

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 RSR-01

/183 W

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R 201247Z JUL 73

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 6252

INFO USMISSION USEC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

C O N F I D E N T I A L MADRID 4072

E.O. 11652: GDS

TAGS: ETRD SP

SUBJECT: GOS IMPORT LIBERALIZATION AND TARIFF REDUCTION  
PROGRAM MAY BE STALLED

REF: MADRID 3416

1. THE PRESS HAS BEEN FULL OF CONTRADICTORY CONJECTURES CONCERNING THE FUTURE OF THE TARIFF REDUCTION AND IMPORT LIBERALIZATION PROGRAM WHICH WAS ANNOUNCED WITH GREAT FANFARE IN JUNE. SEVERAL RECENT PRESS REPORTS INDICATED THAT THE PROGRAM, WHICH HAD BEEN INITIATED AS ONE OF THE FINAL ACTS OF THE PREVIOUS CABINET, WAS BEING HALTED BY THE NEW ADMINISTRATION. THESE ARTICLES WERE FOLLOWED BY OTHER REPORTS ATTRIBUTED TO OFFICIAL SOURCES THAT SUCH WAS NOT THE CASE AND THAT THE PROGRAM WAS CONTINUING AS ORIGINALLY PLANNED.

2. CONVERSATIONS WITH COMMERCE MINISTRY TECHNICAL  
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SECRETARY GENERAL RAFAEL GARCIA PALENCIA INDICATE THAT

THE SUBJECT PROGRAM, WHICH HE WAS LARGELY RESPONSIBLE FOR CONCEIVING, WAS IN SERIOUS DIFFICULTY. HE INDICATED THAT NOTHING WAS DEFINITELY SURE AT THIS STAGE BUT THAT HE WAS QUITE DISCOURAGED AT THE PROSPECTS. GARCIA PALENCIA WENT ON TO SAY THAT THE REASON FOR THE PROGRAM BEING IN TROUBLE COULD BE ATTRIBUTED TO THE NEW MINISTER OF COMMERCE, COTORRUELO SENDAGORTA, WHO IS MOST CONSERVATIVE AND IS ORIENTED TOWARDS THE AGRICULTURAL SECTOR WHICH STRONGLY OPPOSES LOWERING SPAIN'S PROTECTIVE BARRIERS.

3. FINANCE MINISTRY UNDER SECRETARY FERNANDEZ ORDONEZ OPINED MUCH THE SAME CONCERNING THE SITUATION. HE SAID THAT IMPORT LIBERALIZATION IN THE SENSE OF REDUCING OR DOING AWAY WITH QUOTAS HAS GONE ABOUT AS FAR AS IT WAS GOING TO GO AND THAT THE REDUCTION OF TARIFFS WOULD PROBABLY NOT BE IMPLEMENTED FOR SOME TIME. HE PERSONALLY REGRETTED THIS SITUATION BUT INDICATED THAT IT WAS DUE TO THE CONSERVATISM OF COMMERCE MINISTER COTORRUELO SENDAGORTA AND THE COMMERCE MINISTRY'S COMPLETE LACK OF QUALIFIED STAFF TO CARRY THROUGH DUE TO A LARGE SCALE PURGE OF THE COMMERCE MINISTRY'S PERSONNEL (WHICH WILL INCLUDE GARCIA PALENCIA). AN ADDITIONAL FACTOR HE CITED FOR STALLING IN IMPLEMENTATION WAS THE CURRENT NEGOTIATIONS WITH THE EEC FOR A NEW AGREEMENT. APPARENTLY THE UNILATERAL LOWERING OF TARIFF BARRIERS IN THE MIDST OF THIS NEGOTIATION DID NOT WIN MANY ADHERENTS IN THE NEW GOVERNMENT.

RIVERO

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